



# CANDENTE COPPER CORP



**NOTICE OF MEETING  
AND INFORMATION CIRCULAR  
FOR THE  
ANNUAL GENERAL MEETING OF  
CANDENTE COPPER CORP.**

**TO BE HELD ON THURSDAY, SEPTEMBER 17, 2020**

DATED: AUGUST 14, 2020



**CANDENTE  
COPPER CORP**  
TSX:DNT BVL:DNT

1100 – 1111 MELVILLE STREET  
Vancouver BC, V6E 3V6  
Tel: 604.689.1957  
Fax: 604.484.7143  
Toll free: 1.877.689.1964  
Email: [info@candentecopper.com](mailto:info@candentecopper.com)  
[www.candentecopper.com](http://www.candentecopper.com)

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the 2020 Annual General Meeting (the "**Meeting**") of the shareholders of CANDENTE COPPER CORP. (the "**Company**") will be held at Bentall 5 Conference Room located at Ground Floor of Bentall 5, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5, on Thursday, September 17, 2020 at 4:00 p.m. (Pacific Time) for the following purposes:

1. to receive the report of the directors;
2. to receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2019, and the auditor's report thereon. For detailed information regarding this matter, please refer to the subsection in the Information Circular under the heading "ADDITIONAL INFORMATION";
3. to fix the number of directors at six (6). For detailed information regarding this matter, please refer to the subsection in the Information Circular under the heading "ELECTION OF DIRECTORS";
4. to elect the directors of the Company for the ensuing year. For detailed information regarding this matter, please refer to the subsection in the Information Circular under the heading "ELECTION OF DIRECTORS";
5. to appoint Davidson & Company LLP, Chartered Professional Accountants, as the Company's auditor for the ensuing year and authorize the directors to fix its remuneration. For detailed information regarding this matter, please refer to the subsection in the Information Circular under the heading "APPOINTMENT OF AUDITOR";
6. to approve all unallocated options, rights and other entitlements under the Company's Stock Option Plan, as more particularly described in the accompanying Information Circular under the heading "PARTICULARS OF MATTERS TO BE ACTED UPON: Approval of Unallocated Options, Rights and Other Entitlements under Option Plan";
7. to confirm the Company's shareholder rights plan as more particularly described in the Information Circular under the heading "PARTICULARS OF MATTERS TO BE ACTED UPON: Shareholders Right Plan";
8. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this Combined Notice Information Circular, are the Form of Proxy (the "Proxy") and Voting Instruction Form ("VIF") and Financial Statement Request Form. The Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

**In compliance with the current government orders and guidelines aimed at ensuring public safety in the face of the COVID-19 pandemic Candente Copper strongly encourages shareholders to vote in advance of the meeting using the Form of Proxy or VIF. If you wish to attend in person you must pre-register by email to [info@candentecopper.com](mailto:info@candentecopper.com). Please be sure to vote in advance of the meeting prior to the 4:00 pm, Pacific Standard Time deadline on Tuesday September 15, 2020.**

Dated at Vancouver, British Columbia, on August 14, 2020.

### BY ORDER OF THE BOARD OF DIRECTORS

*"Joanne C. Freeze"* (signed)  
President, Chief Executive Officer and Director





**CANDENTE**  
**COPPER CORP**  
TSX:DNT BVL:DNT

1100 – 1111 MELVILLE STREET  
Vancouver BC, V6E 3V6  
Tel: 604.689.1957  
Fax: 604.484.7143  
Toll free: 1.877.689.1964  
Email: [info@candente.com](mailto:info@candente.com)  
Twww.candente.com

## LETTER TO SHAREHOLDERS

Dear Shareholders:

The directors of Candente Copper would normally cordially invite you to attend the annual general meeting (the “**Meeting**”) of the shareholders of the Company, however due to the COVID pandemic we ask you to vote in advance of the Meeting (prior to the 4:00 pm, Pacific Standard Time deadline on Tuesday September 15, 2020) and to participate in the Meeting by Zoom if desired. Details of the Zoom broadcast may be received by registering by email to [info@candentecopper.com](mailto:info@candentecopper.com).

Except for a 3.5 month period in 2020, copper prices have stayed above US\$2.50 per pound since since January 2017, and reached a high of US\$3.28 per pound in mid 2018. Current trade wars between the USA and China and concerns regarding the current COVID virus outbreak are believed to be suppressing prices. Long term demand from developing countries and green energy and health reasons coupled with the scarcity of exploration and development of new copper projects all lead to increasing copper prices.

In a report titled “Deficit Delayed not Denied” by Goldman Sachs in October 2018, identified Cañariaco as one of the top 84 copper projects worldwide and one of the top 42 in South America, set to form more than 75% of new copper supply in the near future adding that 80% of unapproved projects are uneconomic at current prices. They pointed out that not only would Cañariaco be an economically robust project at current copper prices, it also lies within the lowest quartile of copper prices required to go into production for the 84 projects.

When one adds the Goldman Sachs data to Cañariaco’s estimated C1 cash (production) costs of \$2200 per tonne, which is also in the lowest quartile of copper industry costs, Cañariaco stacks up very well against its competitors.

Based on the March 2011 Pre-feasibility progress report by AMEC, Cañariaco Norte economics are estimated as follows using fixed metal prices for Life of Mine: Cu \$2.50 lb, Au \$1500/oz and Ag \$18.00/oz and an Income tax rate of 29.5% and labour profit sharing tax of 8% (as of Jan 2017): Post tax NPV is US\$ 1.02B, Post IRR is 17.3% and Payback is 4.7 years. Details of the report are disclosed in the Company’s Annual Information Form for the year ended December 31, 2011 and filed on SEDAR.

In March 2018, Martin Vizcarra took over as President of Peru and, in spite of opposition from the Congress, he continues the same policies and mandates followed by the previous President, Pedro Pablo Kuczynski. Peru Central government is committed to continued economic development in Peru and is especially supportive of the mining industry as the engine of growth for the country. The Cañariaco project, has been included in various lists of Mining projects key to the development of Peru especially in the north and is the only mining project with a significant resource in the region of Lambayeque. Lambayeque currently receives only minimal funding from taxes paid by mining in Peru (Canon) as there are currently no mines in Lambayeque.

In January 2019, the mayor of the district of Kañaris, where Cañariaco is located, invited the Company to join a new initiative for coordinating development of the district and execution of the US\$23M, committed by government, in local infrastructure projects. This is expected to greatly assist the district and community including local communications and ultimately is expected to allow the Company to deliver on its mandate of shared value principles. Shared value is created when a company's success, social progress (by addressing needs and challenges) and local environmental conditions are interdependent.

On January 21, 2020, Nascent Exploration Pty Ltd., a wholly owned subsidiary of Fortescue Metals Group Ltd. (collectively "**Fortescue**") made a strategic investment of Cdn \$1,050,000 by purchasing 21,000,000 common shares at a price of \$0.05 in a non-brokered Private Placement. This investment gave them 9.72% interest in the Company and the right to appoint one person as a director of Candente Copper as well as certain pre-emptive rights. These rights include anti-dilution rights as well as a Right of First Refusal on any debt financing or royalty or stream agreements on any of Candente Copper's assets (but does not include an earn-in joint venture proposals).

On May 22nd, 2020 Fortescue increased their investment to hold 19.9% of the Company by subscribing for an additional 27,500,000 shares for gross proceeds of Cdn\$1,375,000. Fortescue has cumulatively invested Cdn\$2,425,000 by purchasing 48,500,000 shares.

Fortescue is one of the largest global iron ore producers, recognised for its culture, innovation and industry-leading development of world class infrastructure and mining assets in Western Australia. Fortescue's recent Australian exploration activity has focussed on early stage target generation for copper-gold in addition to its extensive iron ore deposits in Western Australia, while it simultaneously builds on its world-class exploration expertise, operational reputation and capability through exploration in highly prospective areas such as South America, including Peru, to deliver shareholder value.

Fortescue is now considered as a strategic investor to the Company, in addition to the investments and the special rights granted, Fortescue will, at its cost, allocate two engineers to work on a part time joint technical committee with Candente Copper nominees, with a goal to identify the optimum strategy for the development of the Cañariaco project.

The subdued global interest for the copper sector is not expected to last forever and we remain optimistic that long term the sector will see renewed interest, especially in significantly under-valued companies such as Candente Copper.

We would like to thank our Board of Directors for their guidance, our employees for their commitment and especially all of our shareholders for their support and patience.

Sincerely,

*"Joanne Freeze"*

Joanne Freeze, President, Chief Executive Officer and Director

**CANDENTE COPPER CORP.**  
Suite 1100, 1111 Melville Street  
Vancouver, B.C., Canada, V6E 3V6  
Telephone: (604) 689-1957, Facsimile: (604) 484-7143  
Email: [info@candentecopper.com](mailto:info@candentecopper.com)

**MANAGEMENT INFORMATION CIRCULAR**  
(Containing information as at August 7, 2020, except as  
indicated otherwise)

**SOLICITATION OF PROXIES**

Candente Copper is providing this Information Circular in connection with management's solicitation of proxies for use at the annual general meeting of the Company (and any adjournment thereof) to be held on September 17, 2020 (the "**Meeting**"), at the time and place and for the purposes set forth in the notice of Meeting ("**Notice of Meeting**"). Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included.

The solicitation of Proxies will be primarily by mail, but Proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company at nominal cost. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares in the capital of the Company ("**Common Shares**") held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. All costs of this solicitation will be borne by the Company.

The Company has given notice of the Meeting in accordance with NI 54-101, pursuant to which it has sent the Notice of Meeting, Proxy and/or voting instruction form ("**VIF**") and a financial statement request form but not this Information Circular, directly to its registered shareholders ("**Registered Shareholders**") and its beneficial shareholders ("**Beneficial Shareholders**").

**APPOINTMENT OF PROXYHOLDERS**

The individuals named ("**Management's Nominees**") in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting has the right to do so, either by striking out the names of those persons named in the accompanying form of proxy and inserting the desired person's name in the blank space provided in the form of proxy or by completing another form of proxy. A Proxy will not be valid unless the completed form of proxy is received by Computershare Trust Company of Canada ("Computershare" or the "Transfer Agent"), Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or any adjournment thereof. Proxies delivered after that time will not be accepted.**

## REVOCABILITY OF PROXIES

A Registered Shareholder of Common Shares who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the Registered Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5 (Attention: Brett Kagetsu), at any time up to and including the last business day preceding the day of the Meeting, with the Chair of the Meeting on the day of the Meeting or if adjourned, any reconvening thereof, or in any other manner provided by law. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

## EXERCISE OF DISCRETION

The Common Shares represented by a properly executed Proxy in favour of Management's Nominees in the accompanying form of Proxy will be voted or withheld from voting in accordance with the instructions of the person appointing the proxy holder on any ballot that may be taken and where a choice with respect to any matter to be acted upon has been specified in the form of Proxy, be voted in accordance with the specification made in such Proxy. **ON A POLL SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR FOR WHICH BOTH CHOICES HAVE BEEN SPECIFIED, BY THE REGISTERED SHAREHOLDER.**

**The Proxy will confer discretionary authority on the nominees named therein with respect to each matter or group of matters identified therein for which a choice is not specified other than the appointment of an auditor and the election of directors, any amendment to or variation of any matter identified therein and any other matter that properly comes before the Meeting.**

As of the date of this Information Circular management of the Company knows of no amendment, variation or other matter that may come before the Meeting but, if any amendment, variation or other matter properly comes before the Meeting, each nominee in the accompanying form of Proxy intends to vote thereon in accordance with the nominee's best judgement.

## REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (a) completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, Computershare, by mail or by hand to the Proxy Dept., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to the toll-free number indicated in the Proxy. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder's account number and the Proxy control number;
- (c) using the Internet via the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder's account number and the Proxy control number; or
- (d) using a Smartphone, scan the QR codes on the Proxy, in all cases ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

## **BENEFICIAL (NON-REGISTERED) SHAREHOLDERS**

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular, collectively, as “Beneficial Shareholders”) should note that only Proxies deposited by Registered Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker. In the United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS Inc. (the registration name for CDS Clearing and Depository Services Inc., and which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person in accordance with the procedures outlined in this section.

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of Proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge typically prepares its own machine readable VIF, mails those forms to the Beneficial Shareholders and requests the Beneficial Shareholders to return those forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or by telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge VIF cannot use that VIF to vote Common Shares directly at the Meeting. That VIF must be returned to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or by telephone), well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the instrument of Proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.**

This Information Circular and accompanying materials are being sent to both Registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**NOBOs**”). Subject to the



provision of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of Proxy-related materials directly (not via Broadridge) to such NOBOs.

Meeting materials sent to Beneficial Shareholders who have not waived their right to receive Meeting materials are accompanied by a request for a VIF. This form is provided instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

The Company has adopted the procedure described in NI 54-101 and National Instrument 51-102 *Continuous Disclosure Obligations* to distribute its proxy-related materials to the Registered and Beneficial Shareholders. In addition, the Company has elected to pay to distribute its proxy-related materials to the OBOs.

**IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE REFER TO THE INSTRUCTIONS SET OUT ON THE “REQUEST FOR VOTING INSTRUCTIONS” (VIF) THAT RELATES TO THIS INFORMATION CIRCULAR.**

#### **RECORD DATE AND VOTING SECURITIES**

The Company has set the close of business on **Friday, August 7, 2020**, as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only the Registered Shareholders, and those Beneficial Shareholders entitled to receive notice pursuant to NI 54-101 through their intermediaries, as at that date, are entitled to receive notice of and to vote at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder’s name on the list of shareholders as at the Record Date. Shareholders represented by proxy holders are not entitled to vote on a show of hands.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of Common Shares, of which 243,505,268 were issued and outstanding as at the Record Date and the date hereof. Persons who are Registered Shareholders at the close of business on August 7, 2020, will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, only the following shareholder beneficially owns, controls or directs, directly or indirectly, Company Shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company:

<b>Shareholder Name</b>	<b>Number of Company Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>	<b>Percentage of Outstanding Company Shares</b>
Nascent Exploration Pty Ltd. <sup>1</sup>	48,500,000	19.92%

Notes:

(1) Nascent Exploration Pty Ltd. is a wholly owned subsidiary of Fortescue Metals Group Ltd.

For information concerning the Company's incorporation particulars, corporate structure, business history and description, and projects, please refer to the Company's Annual Information Form for the year ended December 31, 2019, which is dated March 30, 2020. Copies are available both on the SEDAR database at [www.sedar.com](http://www.sedar.com) and on the Company's website, [www.candentecopper.com](http://www.candentecopper.com).

## ELECTION OF DIRECTORS

**The board of directors of the Company (the “Board”) presently consists of six (6) directors and it is intended to determine the number at and to elect six (6) directors for the ensuing year. The term of office of each of the directors expires at the Meeting.**

The Company has adopted a majority voting policy with respect to the election of directors. See Schedule “A”, “Statement of Corporate Governance Practices - Majority Voting Policy” for details.

**Unless holders provide other instructions, the enclosed Proxy will be voted for the nominees listed below, all of whom are presently members of the Board.** Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the Proxy will exercise his or her discretionary authority to vote the Common Shares represented by the Proxy for the election of any other person or persons as directors.

In the following table and notes are the names of each person proposed to be nominated by management for election as a director (a “**proposed director**”), the province or state and country in which he or she is ordinarily resident, all offices of the Company now held by him or her, his or her principal occupation, the period of time for which he or she has been a director of the Company, and the number of Common Shares beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the date hereof.

Name, Province or State and Country of Residence and Position <sup>(1)</sup>	Present Principal Occupation <sup>(1)</sup>	Date of Appointment/Election as a Director	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed
Joanne C. Freeze, P.Geo. <sup>(6)</sup> British Columbia, Canada <i>President, CEO, Corporate Secretary and Director</i>	Professional Geoscientist since 1989, Geological and Exploration Consultant since 1981. CEO of the Company since July, 1997; President of the Company from July 1997 to August 2008 and again since March 2018.	July 11, 1997	905,250 <sup>(2)</sup> 3,764,531 <sup>(3)(8)</sup>
Sean I. Waller, P.Eng. <sup>(6)</sup> British Columbia, Canada <i>Director, Technical Advisor</i>	Professional Engineer. Director of the Company since July 2009; Formerly, President of the Company from July 2009 until March 2018; Vice-President Development of the Company from August 2008 until July 2009; Past President of the Canadian Institute of Mining, Metallurgy and	July 10, 2009	863,000 <sup>(2)</sup> 1,059,722 <sup>(3)(9)</sup>

	Petroleum. Currently a Senior Advisor with Wood Mining and Minerals.		
Andres J. Milla Comitre, M.A.Ec. <sup>(4)(5)</sup> Lima, Peru <i>Director</i>	Professional Economist. Formerly, CEO of First Capital Partners Peru from 2009 to 2013, and President and CEO of Credibolsa SAB, Lima, Peru, from 2006 to 2008. Mr. Milla was also the Capital Markets Project Manager in the Finance Area of Banco de Crédito del Perú from 2000 to 2005.  From 2013 to Dec 2019	July 10, 2009	6,100 <sup>(2)</sup>
George Elliott, BA (Hons) LL.B. <sup>(4)(5)</sup> Ontario, Canada <i>Director</i>	Lawyer and independent director of various public companies with over 40 years' experience in corporate finance, new business development and relationship management	August 23, 2011	6,480 <sup>(2)</sup>
Giulio Bonifacio, CPA. <sup>(4)(5)(7)</sup> British Columbia, Canada <i>Director, Chair of Board</i>	Chartered Professional Accountant. Mr. Bonifacio is Chairman of the Board of the Company since July 1, 2020. Currently Chairman and Director of CopperBank Resources and CEO & Director of Kerr Mines.	January 28, 2020	250,000 <sup>(2)</sup>
Agustin Pichot, B.Sc. Business and Management Buenos Aires, Argentina <i>Director</i>	Extensive expertise in investments in emerging countries focusing in the Media, Energy and Mining industries. President and Director South America Fortescue Metals Group (FMG), since June 2018.	To be appointed before the Annual General Meeting	Nil

Notes:

- (1) The information as to province or state and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective nominees.
- (2) Common Shares beneficially owned, directly.
- (3) Common Shares beneficially owned, indirectly.
- (4) Member of the Audit Committee. Chair: Andres Milla
- (5) Member of the Compensation, Corporate Governance and Strategy Committee. Chair: George Elliott
- (6) Member of the Technical Committee. Chair: Sean Waller
- (7) Chair of the Board: Giulio Bonifacio
- (8) Of this total, 1,570,031 Common Shares are held by Freeze Family Holdings Ltd. and 2,194,500 Common Shares are held by Ridley Rocks Inc., both companies controlled by Ms. Freeze.

<sup>(9)</sup> Of this total, 1,024,722 Common Shares are held by SW Project Management Ltd., a company controlled by Mr. Waller; and 35,000 Common Shares are held by Deborah McLean, his spouse.

To the knowledge of the Company, no director or proposed director (or any of their personal holding companies):

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer (“**CEO**”) or chief financial officer (“**CFO**”) of any company (including the Company) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity of director, CEO or CFO of such company; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO, or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security-holder in deciding whether to vote for a proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

For the purposes of this Information Circular, a Named Executive Officer (“**NEO**”) of the Company means each of the following individuals:

- (a) a CEO of the Company;
- (b) a CFO of the Company;
- (c) each of the three most highly compensated executive officers of the Company including any subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*, for the December 31, 2019, financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity at December 31, 2019.

During the financial year ended December 31, 2019, the Company has two NEOs: Joanne Freeze, the Company's CEO and President and Mark Lotz, the Company's CFO.

### **Compensation Governance**

The Compensation, Governance and Strategy Committee discharges the Board's responsibilities relating to compensation of the Company's executive officers. Among other things, the Compensation, Governance and Strategy Committee has overall responsibility for recommending levels of executive compensation that are competitive and motivating in order to attract, hold and inspire the CEO, senior officers and other key employees and for recommending compensation for Directors.

The Compensation, Governance and Strategy Committee performs any other duties or responsibilities delegated to the Compensation, Governance and Strategy Committee by the Board from time to time.

### **Responsibilities of the Compensation, Governance and Strategy Committee**

- (a) Compensation, Governance and Strategy Committee has the authority to engage and terminate independent legal, accounting or other advisors or consultants.
- (b) The Company provides for appropriate funding, as determined by the Compensation, Governance and Strategy Committee, for payment of compensation to any consultants or other advisors employed by the Compensation, Governance and Strategy Committee, provided however that such funding will not exceed \$25,000 annually without the prior approval of the Board.
- (c) The Compensation, Governance and Strategy Committee has the authority to engage and terminate compensation consultants to assist in the evaluation of Director or executive officer compensation and, subject to paragraph (b) above, the authority to approve the fees and other retention terms of such compensation consultants.
- (d) The Compensation, Governance and Strategy Committee reviews and assesses the adequacy of its Charter periodically and recommends any proposed changes to the Board for approval.
- (e) The Compensation, Governance and Strategy Committee annually reviews its own performance.

### **Reporting**

The Compensation, Governance and Strategy Committee prepares any report relating to compensation required by the rules of the Exchange and the Commissions and reports on its activities to the Board.

### **Establishment of Executive Compensation Policies and Programs**

- (a) The Committee reviews all compensation arrangements for the CEO and other executive officers of the Company including salaries, bonus, incentive compensation and equity based compensation plans, and makes recommendations to the Board for their approval.
- (b) Without limiting the foregoing, the Committee reviews all proposed employment and retention agreements with any executive officer of the Company, as well as severance agreements that provide benefits in excess of those set forth in any severance and termination plans previously approved by the Committee or the Board.

## **Membership**

The Compensation, Governance and Strategy Committee members currently are: Messrs. George Elliott (Chair), Andres J. Milla Comitre and Giulio Bonifacio, all of whom are independent directors. The Compensation, Governance and Strategy Committee has previous experience in, among other things, evaluating overall compensation policies, plans and practices as well as setting compensation for executive officers, overseeing and administering equity compensation plans and establishing employment, retention and severance arrangements for executive officers.

## **Share-based and Option-based Awards**

At the end of each reporting period, the Company's management reviews the performance of its NEOs during the year, against corporate and personnel goals that management has control over, to determine whether the Company should grant share-based and/or option-based awards. Management then proposes awards to the Compensation, Governance and Strategy Committee. The Compensation, Governance and Strategy Committee then reviews management's recommendations and passes a resolution recommending to the Board that options be granted to the Company's management. The Compensation, Governance and Strategy Committee also, plays an active role in reviewing existing equity incentive plans, under which option-based awards are granted. The Company has not granted any share-based awards.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation Discussion and Analysis**

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for the fiscal year ended December 31, 2019, and prior fiscal years has historically been based upon a negotiated salary or consulting fee, with stock options and bonus potentially being issued and paid as an incentive for performance. In each year, the Compensation, Governance and Strategy Committee reviews the salary, bonus, stock options and other direct or indirect benefits for Management, considering all relevant matters including the goals of the Company and the effectiveness of management in achieving those goals, the skill, qualifications and level of responsibility of Management and compensation provided by comparative companies. Based on these factors, the Compensation, Governance and Strategy Committee then makes recommendations to the Board.

In each year, the Compensation, Governance and Strategy Committee reviews management performance against corporate and individual goals set for the year. In taking into account corporate performance, it is recognized that many factors are beyond the control of management, such as foreign exchange, interest rates and metal prices. As a result, goals are based more on factors over which management can exercise control, such as advancement of the Company's projects, actual operating and capital expenditure costs as compared to budget and improvement of relationships with suppliers, Shareholders and partners. The Compensation, Governance and Strategy Committee has not formally considered the implications of the risks associated with the Company's compensation policies and practices.

As the Compensation, Governance and Strategy Committee management's performance at year end December 31, 2019, it took into consideration the objectives of executive compensation related to the annual incentive bonus and the Company's stock option plan (the "**Option Plan**").

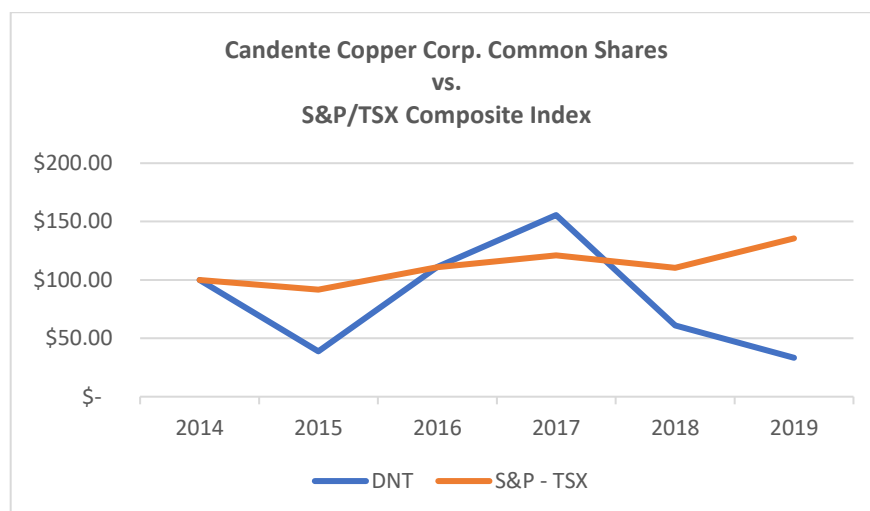
The Option Plan was established to provide incentives to qualified persons to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Option Plan has been and will be used to provide share purchase options which are granted in consideration of the

level of responsibility of the executive as well as his or her impact and/or contribution to the longer term operating performance of the Company. In determining the number of options to be granted to the executive officers each year, the Board takes into account the number of options, if any, previously granted to each executive officer, and the performance of that officer to the date options are granted each year. The Option Plan is the sole long term component of management compensation, and we believe helps ensure that compensation is closely aligned with Shareholder interests.

The Company has not placed a restriction on the purchase by its NEOs or other employees of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or employee. To the Company's knowledge, none of the NEOs have purchased any such financial instruments.

### Performance Graph

The following chart compares the total cumulative shareholder return on \$100 invested in common shares of the Company on December 31, 2014, with the cumulative total returns of the S&P/TSX Composite Index for the five most recently completed financial years to December 31, 2019.



	2014	2015	2016	2017	2018	2019
<b>DNT</b>	\$ 100.00	\$ 38.89	\$ 111.11	\$ 155.56	\$ 61.11	\$ 33.33
<b>S&amp;P - TSX</b>	\$ 100.00	\$ 91.68	\$ 111.01	\$ 121.11	\$ 110.34	\$ 135.59

### Summary Compensation Table

The following table sets forth all direct and indirect compensation, paid or payable, in connection with, services provided to the Company for the three most recently completed financial years ended December 31, 2017, December 31, 2018, and December 31, 2019, in respect of the NEOs of the Company.

Name and Principal Position	Year <sup>(1)</sup>	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation	Total Compensation (\$) <sup>(3)</sup>
					Annual Incentive Plans	Long-Term Incentive Plans			
Joanne C. Freeze President, CEO & Director <sup>(6)</sup>	2019	84,000	Nil	23,293	Nil	Nil	Nil	Nil	107,293
	2018	60,427	Nil	7,383	Nil	Nil	Nil	Nil	67,810
	2017	66,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	66,000
Mark Lotz CFO <sup>(5)</sup>	2019	27,500	Nil	7,216	Nil	Nil	Nil	Nil	34,715
	2018	5,017 <sup>(7)</sup>	Nil	8,876	Nil	Nil	Nil	Nil	13,893
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Fiscal years ending December 31, 2017, 2018, and 2019.
- (2) Amount is based on the grant date fair value of the award for the financial year using the Black Scholes option pricing model using the following weighted average assumptions: volatility – 110.88% (2018 – 107.39%; 2017 – Nil); risk free interest rate – 1.46% (2018 – 2.38%; 2017 – Nil); expected life of options – 5 years (2018- 5 years; 2017 – Nil); estimated forfeiture rate 0% (2018- 0%; 2017 – Nil)
- (3) NEOs who are also directors of the Company do not receive compensation for services rendered as a director.
- (4) Paid or accrued to Ms. Freeze directly or to Ridley Rocks Inc., of which Ms. Freeze is the principal.
- (5) Mr. Lotz was appointed as CFO in October 2018.
- (6) Ms. Freeze was appointed as President in March 2018.
- (7) Paid or accrued to Lotz CPA Inc. (“Lotz CPA”), of which Mr. Lotz is the principal.

## INCENTIVE PLAN AWARDS

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the NEOs.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Joanne C. Freeze President, CEO & Director	500,000	0.05	July 19, 2024	Nil	Nil	Nil
	450,000	0.07	November 19, 2023	Nil	Nil	Nil
	1,500,000 <sup>2</sup>	0.11	May 20, 2026	Nil	Nil	Nil
	100,000	0.05	November 16, 2020	Nil	Nil	Nil



Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Mark Lotz CFO	100,000 300,000	0.05 0.07	July 19, 2024 October 1, 2023	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) This amount is calculated as the difference between the market value of the Common Shares underlying the options on December 31, 2019 (being the last trading day of the Common Shares for the financial year), which was \$0.03, and the exercise price of the options.
- (2) These options were cancelled on June 30, 2020

On January 27, 2020 the Board granted 1,750,000 Stock Options at an exercise price of \$0.05 expiring on January 27, 2025 to Joanne Freeze.

### Incentive Plan Awards – Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to the Company's NEOs is presented below.

Name	Option-Based Awards – Value Vested During the year (\$)	Share-Based Awards – Value Vested During the year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the year (\$)
Joanne C. Freeze President, CEO & Director	23,293	N/A	N/A
Mark Lotz CFO	7,216	N/A	N/A

### Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

### Termination and Change of Control Benefits

The Company and its subsidiaries have no employment contracts with any NEOs, any contract, agreement, plan or arrangement that provides for payments to the NEOs at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEOs' responsibilities, except as follows:

Pursuant to a management agreement (the “**RRI Management Agreement**”) and a geological services agreement (the “**RRI Geological Services Agreement**” and collectively with the RRI Management Agreement, the “**RRI Agreements**”) both made as of March 1, 2018, between the Company and Ridley Rocks Inc. (“**RRI**”), a company owned by Ms. Joanne Freeze, the Company’s CEO. RRI provides geological consulting services and management services for fees totalling \$7,000 per month, subject to a review by the Company’s Board of Directors each year. The RRI Geological Services Agreement also provides for the payment to RRI of a discretionary annual performance bonus to be determined by the Company’s Compensation and Governance and Strategy Committee, with an initial target bonus of \$50,000. The RRI Agreements may both be terminated by the Company with six months’ notice and by making a severance payment of \$160,000. In the event the Company enters into a definitive agreement providing for a “change of control” (as defined in the RRI Geological Services Agreement) or a change of control of the Company occurs, RRI has the right under the RRI Geological Services Agreement at any time to the date that is sixty (60) days following the date of the change of control, to terminate the RRI Geological Services Agreement, whereupon the Company is required to pay to RRI a fee of \$500,000.

Pursuant to a consulting services agreement (the “**SWPM Agreement**”) made as of March 15, 2018, between the Company and SW Project Management Ltd. (“**SWPM**”), a company owned by Mr. Sean Waller, the Company agreed to retain Mr. Waller to provide occasional consulting services on an “as needed” basis at the rate of \$100 per hour to a maximum of \$1,000 per day. In the event the Company enters into a definitive agreement providing for a “change of control” (as defined in the SWPM Agreement) or a change of control of the Company occurs, SWPM has the right under the SWPM Agreement at any time to the date that is sixty (60) days following the date of the change of control, to terminate the SWPM Agreement, whereupon the Company is required to pay to SWPM a fee of \$250,000. In addition, the SWPM Agreement provides for Severance payment of \$100,000 on termination of the consulting services, by the Company, without cause. Any Severance payment would be deducted from the COC payment.

For the purposes of the RRI Geological Services and Management Agreements and the SWPM Agreement a “change of control” shall be evidenced by the election or appointment of a majority of new directors of the Company not proposed by management or the acquisition by any person or by any person together with such person’s affiliates or associates, as such terms are defined in the *Securities Act* (British Columbia), and whether directly or indirectly, of common shares of the Company which, when added to all other common shares of the Company at the time held by such person and such person’s affiliates and associates, totals for the first time 50% or more of the outstanding common shares of the Company. The “change of control” will be in effect for each Consultant up to one year from the last day they provide service to the Company whether service is terminated by Resignation or Termination”.

Pursuant to a consulting services agreement (the “**Lotz CPA Agreement**”) made as of October 01, 2018, between the Company and Lotz CPA Inc., a company owned by Mr. Mark Lotz, the Company agreed to retain Mr. Lotz to provide financial consulting & Chief Financial Officer services at a fee of \$28,500 per annum. In the event the Company enters into a definitive agreement providing for a “change of control” (as defined in the Lotz CPA Agreement) or a change of control of the Company occurs, Lotz CPA has the right under the Lotz CPA Agreement at any time to the date that is sixty (60) days following the date of the change of control, to terminate the Lotz CPA Agreement, whereupon the Company is required to pay to Lotz CPA a fee of \$28,500. In addition, the Lotz CPA Agreement provides for Severance payment of \$28,500 on termination of the consulting services, by the Company, without cause. Any Severance payment would be deducted from the Change in Control payment.

## Director Compensation

The following table sets forth all amounts of compensation provided to directors who served in that capacity and were not NEOs for any part of the Company's most recently completed financial year.

### Director Compensation Table

Name	Fees Earned (\$)	Option-Based Awards (\$)	All other Compensation	Total (\$)
John E. Black	Nil	13,478	Nil	13,478
Andres J. Milla Comitre	Nil	12,269	Nil	12,269
George Elliott	Nil	12,269	Nil	12,269
Michael J. Thicke <sup>(2)</sup>	13,000	15,967	Nil	28,967
Sean Waller	Nil	15,967	Nil	15,967
Paul H. Barry <sup>(1)</sup>	Nil	6,224	Nil	6,223

Notes:

- (1) Mr. Barry was not reappointed as Director in June 2019.
- (2) Mr. Thicke deceased in October 2019.

### Schedule of Directors' Fees

Currently payable only when the Company's market capitalization exceeds \$75 million, to be reviewed by the Board. No additional fees paid for attendance at meetings. The fees payable to the directors of the Company are for their services as directors and as members of committees of the Board and are as follows:

Board or Committee Name	Annual Retainer	Annual Chair Retainer
Board of Directors	\$18,000*	\$6,000*
Audit Committee	\$2,500*	\$6,000*
Compensation, Corporate Governance and Strategy Committee	N/A*	\$3,000*
Technical Advisory Team	N/A*	\$3,000*

(\*) These amounts are for the Financial year ended December 31, 2019. Effective July 1, 2020 the updated Directors fees are: Directors: \$36,000 per year, Committee (all) Fees: \$5,000 per year, Chair of Committees (all) : \$10,000 per year and Chair of Board: \$15,000 per year which may all be remunerated using deferred share units ("DSUs") issued pursuant to the DSU Plan (defined below).

### Incentive Plan Awards – Outstanding Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors of the Company who were not NEOs, during the most recently completed financial year.

Director Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>
Andres J. Milla Comitre	250,000	0.05	July 19, 2024	Nil
	250,000	0.07	November 19, 2023	Nil
	200,000	0.05	November 16, 2020	Nil
John E. Black	300,000	0.05	July 19, 2024	Nil
	250,000	0.07	November 19, 2023	Nil
	200,000	0.05	November 16, 2020	Nil
George Elliott	250,000	0.05	July 19, 2024	Nil
	250,000	0.07	November 19, 2023	Nil
	200,000	0.05	November 16, 2020	Nil
Michael Thicke <sup>(3)</sup>	300,000	0.05	July 19, 2024	Nil
	350,000	0.07	November 19, 2023	Nil
Paul H. Barry <sup>(2)</sup>	250,000	0.07	November 19, 2023	Nil
	250,000	0.05	November 16, 2020	Nil
Sean I. Waller	300,000	0.05	July 19, 2024	Nil
	350,000	0.07	November 19, 2023	Nil
	1,000,000 <sup>(4)</sup>	0.11	May 20, 2026	Nil

Notes:

- (1) This amount is calculated as the difference between the market value of the Common Shares underlying the options on December 31, 2019 (being the last trading day of the Common Shares for the financial year), which was \$0.03, and the exercise price of the options.
- (2) Mr. Barry was not reappointed as Director in June 2019.
- (3) Mr. Thicke deceased in October 2019.
- (4) These options were cancelled on June 30, 2020.

On January 27, 2020 the Board granted 5,250,000 Stock Options at an exercise price of \$0.05 expiring on January 27, 2025 to the five current directors, John Black, George Elliot, Giulio Bonifacio (new director appointed on January 28, 2020), Andres Milla and Sean Waller.

### Incentive Plan Awards – Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Directors who are not NEOs is presented below. This is consistent with the Company’s methodology for measuring and expensing stock-based compensation. These figures do not represent actual cash outlays by the Company.

Director Name	Option-Based Awards - Value Vested During The Year (\$)	Share-Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation Value Earned During the Year (\$)
Andres J. Milla Comitre	12,269	Nil	N/A
John E. Black	13,478	Nil	N/A
George Elliott	12,269	Nil	N/A
Michael J. Thicke <sup>(2)</sup>	15,967	Nil	N/A
Paul H. Barry <sup>(1)</sup>	6,224	Nil	N/A
Sean I. Waller	15,967	Nil	N/A

Notes:

- (1) Mr. Barry was not reappointed as Director in June 2019.
- (2) Mr. Thicke deceased in October 2019.

A description of the significant terms of the Option Plan is found under the heading “Securities Authorized for Issuance Under Equity Compensation Plans” below.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

#### Equity Compensation Plan Information

The following table summarizes relevant information as of December 31, 2019, with respect to compensation plans under which equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	10,590,000	\$0.07	8,910,526
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	10,590,000	\$0.07	8,910,526

The Option Plan is a rolling 10% plan under which the maximum aggregate number of Common Shares reserved by the Company for issuance and which may be purchased upon the exercise of all Options shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis). As of the date of this Information Circular, the Company had 243,505,268 Common Shares issued and outstanding, meaning the maximum aggregate number of Common Shares reserved by the Company for issuance and which may be purchased upon the exercise of all Options shall not exceed 24,350,526 Common Shares. As at the date of this Circular, the Company had 15,490,000 Options issued and outstanding representing approximately 6.4% of the issued and outstanding Common Shares with a total of 8,860,526 Common Shares, representing 3.63% of the issued and outstanding Common Shares available for future issuance under the Company's Option Plan.

The Board adopted the Option Plan in order to grant options to directors, officers, employees and consultants of the Company. The following is a brief description of the material provisions of the Option Plan.

*Administration:* The Option Plan shall be administered by a committee (the “**Committee**”) appointed by the Board. Subject to the limitations of the Option Plan and to any express direction by resolution of Board, the Committee shall have the full power to grant options, to determine the terms, limitations, restrictions and conditions respecting such options and to settle, execute and deliver stock option agreements and bind the Company accordingly, to interpret the Option Plan and to adopt such rules, regulations and guidelines for carrying out the Option Plan as it may deem necessary or proper and to reserve, allot, fix the price of, and issue Common Shares pursuant to the grant and exercise of options, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Option Plan, taking into consideration the recommendations of the Board and management. The decision of the Committee shall be binding, subject to any express direction by resolution of the Board from time to time and further provided that a decision of the majority of persons comprising the Board in respect of any matter under the Option Plan shall be binding and conclusive for all purposes and upon all persons. If no Committee is appointed, the Option Plan shall be administered as set out above by the Board.

*Total number of securities issuable and securities issued under the Option Plan:* In accordance with the terms of the Option Plan, the aggregate number of Common Shares issuable under the Option Plan (together with any Common Shares that may be issuable pursuant to any other security-based compensation arrangements) must not exceed 10% of the issued Common Shares on the date on which an option is granted.

*Option Exercise Price:* The option exercise price of any option granted under the Option Plan shall be equal to or greater than the volume weighted average trading price of the Common Shares on the TSX for the 5 trading days prior to the date of grant (or, if the Common Shares are not then listed and posted for trading on the TSX, such price as required by such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Committee). In the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada or where the volume weighted average trading price does not, in the opinion of the Committee, reflect the current market price of the securities, the option exercise price of the options shall be determined by the Committee in its sole discretion.

*Blackout Expiration Term:* The Company may impose trading restricted periods on optionees due to the existence of material undisclosed information concerning the Company (a “**blackout period**”). In the circumstance where the end of the term of an option falls within a “blackout” or similar period imposed under any insider trading policy or similar policy of the Company, then the end of the term of such option shall be the tenth business day after the end of such blackout period. If the expiration date falls within two (2) business days after the end of a blackout period imposed by the Company, then the expiration date will be that date which is ten (10) business days after the end of the blackout period reduced by the number of business days between the original expiration date and the end of such blackout period (i.e. options whose original expiration date was two (2) business days after the end of the blackout period will only have an additional eight (8) business days to exercise).

*Amendment of Options Held by Insiders:* The approval of disinterested shareholders is required: (a) to reduce the exercise price of an option or to extend the term of an option if the optionee is an insider at the time of the proposed amendment; and (b) to amend the Option Plan to remove or exceed the insider participation limit that is set at 10% of the issued and outstanding Common Shares.

*Tax Withholding:* The Company has the right to deduct and withhold from any amount payable or consideration deliverable to an optionee, either under the Option Plan or otherwise, such amount or consideration as may be necessary to enable the Company to comply with the applicable requirements of any federal, provincial, state or local law, or any administrative policy of any applicable tax authority, relating to the deduction, withholding or remittance of tax or any other required deductions or remittances with respect to awards under the Option Plan. The Company also has the discretion to satisfy any liability for any withholding obligations by withholding and selling, or causing a broker to sell, on behalf of any optionee such number of shares issued to the optionee pursuant to an exercise of options under the Option Plan as is sufficient to fund the withholding obligations (after deducting commissions payable to the broker and other costs and expenses), or retaining any amount or consideration which would otherwise be paid, delivered or provided to the optionee under the Option Plan. The Company may require an optionee, as a condition to granting an option or the exercise of an option, to make such arrangements as the Company may require to satisfy applicable withholding obligations, including, without limitation (i) requiring the optionee to remit the amount of any such withholding obligations to the Company in advance; (ii) requiring the optionee to indemnify and reimburse the Company for any such withholding obligations; (iii) withholding and selling shares acquired by the optionee under the Option Plan, or causing a broker to sell such shares on behalf of the optionee, withholding from the proceeds realized from such sale the amount

required to satisfy any such withholding obligations, and remitting such amount directly to the Company; or (iv) any combination thereof.

*Eligible participants under the Option Plan:* Persons eligible to participate under the Option Plan are persons providing services to the Company and who are directors, officers, employees and consultants of the Company or any subsidiary of the Company.

The Option Plan limits to not more than 10% of the issued Common Shares the following:

- (a) the total number of option shares issuable to insiders of the Company, at any time, under the Option Plan and all other security based compensation arrangements, and
- (b) the total number of option shares issued to insiders, during a one-year period, under the Option Plan and all other security based compensation arrangements.

*Vesting of Options:* Any options granted under the Option Plan shall vest in the optionee, and may be exercisable by the optionee in accordance with a vesting schedule to be determined by the Committee having regard to such factors as the nature of the relationship of each optionee to the Company, the length of service and the duties of the optionee.

*Terms of Options:* Options may be granted under the Option Plan exercisable over a period to be determined by the Committee having regard to such factors as the nature of the relationship of each optionee to the Company, the length of service and the duties of the optionee, such term to be set out in a stock option agreement.

*Causes of cessation of entitlement:* Any option, to the extent not validly exercised, may be terminated on an earlier date to be determined by the Committee having regard to such factors as the nature of the relationship of each optionee to the Company, reason for termination, the length of service and the duties of the optionee.

*Assignability of Options:* Options are not assignable or transferable by the optionee other than by will or the laws of descent and distribution and shall be exercisable during the optionee's lifetime only by the optionee.

*Amendment or termination of the Option Plan:* The Board may from time to time:

- (a) amend or revise the terms of the Option Plan, subject to TSX and Shareholder approval, if required; or
- (b) discontinue the Option Plan at any time,

provided however that no such amendment, revision or discontinuance may, without the consent of the optionee, adversely affect the optionee's rights under any option theretofore granted under the Option Plan.

The following types of amendments or revisions to the Option Plan do not require approval of the Company's Shareholders:

- (a) amendments of a "housekeeping" nature;
- (b) a change to the vesting provisions of the Option Plan or any option; and
- (c) a change to the termination provisions of the Option Plan or any option which does not entail an extension beyond the original expiry date.

The following types of amendments or revisions to the Option Plan, and any other amendments or revisions determined by the TSX, shall require approval of the Company's Shareholders:

- (a) any amendment to the number of Common Shares issuable under the Option Plan, including an increase to a fixed maximum number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by Shareholders will not require an additional Shareholder approval;



- (b) any change to the eligible optionees that would have the potential of broadening or increasing insider participation;
- (c) the addition of any form of financial assistance to optionees or any amendment to a financial assistance provision that is more favourable to optionees;
- (d) the grant of any new option to an optionee who is an insider of the Company where the new option is granted within three months of the date of cancellation of a previous option with different terms held by the same insider and the terms of such new option would result in either a reduction in the exercise price or an extension of the term as compared to the previously cancelled option;
- (e) the addition of a deferred or restricted share unit or any other provision that results in optionees receiving Common Shares while no cash consideration is received by the Company;
- (f) any reduction in the exercise price of options held by insiders;
- (g) any amendment that extends the term of options held by insiders beyond the original expiry;
- (h) any amendment which would permit options to be transferable or assignable other than for normal estate settlement purposes; and
- (i) any amendment to an amending provision in the Option Plan.

*Cashless Exercise:* The Option Plan contains a cashless exercise provision whereby the Committee may, in its discretion, provide an optionee with the right and option to exercise an option by electing receive Common Shares equal in value to the difference between the exercise price and the market price of the Common Shares on the date of exercise, pursuant to a formula set out in the Option Plan.

*Adjustments:* Each option contains uniform provisions in such form as may be approved by the Committee to appropriately adjust the number and kind of Common Shares covered by the option and the exercise price of Common Shares subject to the option in the event of a declaration of stock dividends, or stock subdivisions or consolidations or reconstruction or reorganization or recapitalization of the Company or other relevant changes in the Company's capitalization (the "**Change in Capitalization**") (other than issuance of additional shares) to prevent substantial dilution or enlargement of the rights granted to the optionee by such option. The number of Common Shares available for options under the Option Plan shall be adjusted to reflect the Change of Capitalization, the number of Common Shares receivable on the exercise of an option granted under the Option Plan shall be adjusted to include or reflect the number of Common Shares which the optionee would have received upon such Changes in Capitalization as if the optionee had exercised the optionee's option immediately prior to the record date applicable to such Change in Capitalization, and the exercise price of the option shall be adjusted appropriately by the Committee and such adjustment shall be effective and binding for all purposes of the Option Plan, provided, however, that no adjustment will obligate the Company to issue or sell fractional shares.

*Annual Burn Rate:* The following table summarizes the burn rate (being the number of options granted under the Option Plan during the applicable fiscal year divided by the weighted average number of Common Shares outstanding for the applicable fiscal year) in respect of the Option Plan for the past three years:

<b>Fiscal Year</b>	<b>Burn Rate</b>
2019	1.81%
2018	1.87%
2017	0.00%

#### **Other Security-Based Compensations**

The Company adopted a deferred share unit plan (the “**DSU Plan**”) and restricted share unit plan which were approved by shareholders in 2018. As of December 31, 2019 no DSU’s or RSU’s had been allocated. On June 30<sup>th</sup>, 2020 the following RSU’s were granted to Ms. Freeze for fees accrued and unpaid: 1,758,556 RSUs for the period from June 2013 to May 20, 2016; 357,143 RSUs for 2018; and 714,286 RSUs for 2019. In addition, 1,172,370 RSU’s were granted to Mr. Waller on June 30, 2020 for accrued fees owed for the period from June 2013 to May 20, 2016.

## **INDEBTEDNESS TO COMPANY OF DIRECTORS AND EXECUTIVE OFFICERS**

At any time during the Company’s last completed financial year, no director, executive officer or employee or proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries is or has been indebted to the Company or any of its subsidiaries, or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

## **APPOINTMENT OF AUDITOR**

Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia, is the Company’s auditor. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Davidson & Company LLP, Chartered Professional Accountants, as the auditor of the Company at a remuneration to be determined by the directors.

## **MANAGEMENT CONTRACTS**

Except as disclosed herein, no management functions of the Company are performed to any substantial degree by persons other than the directors and officers of the Company. Please see “Summary Compensation Table” and “Termination and Change of Control Benefits” above for a summary of the Company’s management contracts.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as set out in this Information Circular, no person who has been a director or executive of the Company at any time since the beginning of the Company’s last financial year nor any proposed nominees for election as director of the Company, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of the Company or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

An “informed person” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;

- (c) any person or company who beneficially owns, directly or indirectly, the Company's voting securities or who exercises control or direction over the Company's voting securities or a combination of both carrying more than 10 percent of the voting rights attached to all the Company's outstanding voting securities other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of the Company's securities, so long as the Company holds any of its securities.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Approval of Unallocated Options, Rights and Other Entitlements under Option Plan**

Please refer to a description of the Company's existing Option Plan set out in "Securities Authorized for Issuance Under Equity Compensation Plans". The Option Plan was last approved by shareholders in June 2017. The policies of the TSX require that all unallocated options, rights and other entitlements under a rolling stock option plan be approved by shareholders every three years. As a result, the Company will seek approval of all unallocated options, rights and other entitlements at the Meeting by a majority of the votes cast in person or by proxy at the Meeting.

At the Meeting, shareholders will be asked to pass an ordinary resolution in the following form:

"BE IT RESOLVED THAT:

1. all unallocated options, rights and other entitlements under the Company's Stock Option Plan as described in the management information circular dated August 14, 2020, be and is hereby are approved;
2. the Company has the ability to continue granting options, rights and other entitlements under the Stock Option Plan until September 17, 2023, the date that is three years from the date of this resolution; and
3. any director or officer of the Company is hereby authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.

If all unallocated options, rights and other entitlements under the Option Plan are not approved by the shareholders at the Meeting, then all options, rights and other entitlements which have already been granted will not be affected, however all unallocated options, rights and other entitlements will be cancelled and the Company will not be permitted to make further grants under the Option Plan until shareholder approval is obtained. In addition, options that are exercised, terminate or expire shall not be available for re-grant until shareholder approval is obtained.

The Board believes that the approval of all unallocated options, rights and other entitlements under the Option Plan is in the best interests of the Company and its shareholders and recommends that shareholders vote in favour of the approval of all unallocated options, rights and other entitlements under the Option Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of all unallocated options, rights and other entitlements under the Option Plan.

### **Approval of Candente Copper Shareholders Right Plan**

### ***Introduction***

On August 10, 2020, the Board adopted a new shareholder rights plan (“**Rights Plan**”), which is designed to encourage the fair treatment of the Company’s Shareholders in connection with any take-over bid for the Company. The Rights Plan is subject to Exchange approval and shareholder approval.

The Rights Plan is not intended to deter or prevent take-over bids and is similar to plans adopted recently by several other Canadian public companies and approved by their Shareholders..

The Rights Plan must be confirmed by the Company’s Independent Shareholders (as defined in the Rights Plan) at the Meeting and every three years after the Meeting. If the shareholders do not approve the Rights Plan, it will terminate or not become effective, as applicable. The Rights Plan will also expire if the Rights are redeemed by the Company. A copy of the Rights Plan Agreement is available for review during normal business hours at the head office of the Company, Suite 1100, 1111 Melville Street, Vancouver, B.C., Canada, V6E 3V6. Once the Rights Plan has been approved, it will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) and posted on the Company’s website at [www.candentecopper.com](http://www.candentecopper.com).

Capitalized terms used in this Information Circular in relation to the Rights Plan that are not otherwise defined have the same meaning given to them in the Rights Plan.

### ***Background and Purpose of the Rights Plan***

The Rights Plan will:

- (a) encourage the fair treatment of shareholders of the Company in connection with any Offer to Acquire the outstanding Voting Shares;
- (b) ensure, to the extent possible, that the shareholders of the Company and the Board have adequate time to consider and evaluate any unsolicited Offer to Acquire the outstanding Voting Shares;
- (c) ensure, to the extent possible, that the Board has adequate time to identify, develop and negotiate value-enhancing alternatives, as appropriate, to any unsolicited Offer to Acquire the outstanding Voting Shares; and
- (d) generally assist the Board to enhance shareholder value.

Take-over bid contests for corporate control provide a singular opportunity for Shareholders to obtain a one-time gain. After the acquisition of effective control, the opportunity for this one-time gain normally does not re-occur. As with most public companies, it is possible for a person to secure control of the Company through the ownership of much less than 50% of the Company’s shares. Without a shareholder rights plan, a bidder could acquire effective control of the Company over a relatively short period of time, through open market and private purchases and using various techniques permitted under Canadian securities legislation, all without making a bid available to all Shareholders. This acquisition of control would probably be an effective deterrent to other potential offerors. The person acquiring control might also be able to consolidate and increase its control, over a period of time, without the price for control ever being tested through an open market auction. Shareholder rights plans are designed to prevent this occurrence by forcing all acquisitions of control into a public offer mode.

A public offer will not necessarily achieve all of the objectives of ensuring the maximum value to Shareholders. The Rights Plan is intended to provide the Board with sufficient time to pursue alternatives and to provide Shareholders with sufficient time to properly assess any take-over bid.

The Company is not proposing the Rights Plan in response to or in anticipation of any acquisition or take-over bid. The Rights Plan is not intended to prevent a take-over of the Company, to secure continuance of current management or the directors in office, or to deter fair offers for the Company's shares. The Rights Plan does not inhibit or prevent any Shareholder from using the proxy mechanism set out in the Business Corporatin Acts (*British Columbia*) to promote a change in the management or direction of the Company. The Rights Plan may, however, increase the price to be paid by a potential offeror to obtain control of the Company and may discourage certain transactions.

The Rights Plan does not affect in any way the Company's financial condition. The initial issuance of the Rights will not dilute the Company's shares and will not affect reported earnings or cash flow per share until the Rights separate from the underlying common shares and become exercisable. The adoption of the Rights Plan will not lessen or affect the duty of the Company's directors to act honestly, in good faith, and in the Company's best interests. The Rights Plan is designed to provide the directors with the means to negotiate with an offeror and with sufficient time to seek out and identify alternative transactions on behalf of the Shareholders.

### ***Terms of the Rights Plan***

The following is a summary of the terms of the Rights Plan. This summary is qualified in its entirety by the Rights Plan.

#### *General*

To implement the Rights Plan, the Company will issue one Right for each Common Share outstanding as at 4:00 p.m. (Pacific Standard Time) on the date the Rights Plan becomes effective (the "**Record Time**"). The Company will also issue one Right for each additional Common Share issued after the Record Time and before the earlier of the Separation Time and Expiry time (as those terms are defined below). Each Right will entitle the holder to purchase one Common Share at a price of five (5) times the Market Price (as defined in the Rights Plan) per Common Share (the "**Exercise Price**"), subject to certain anti-dilution adjustments. The Rights cannot be exercised, however, until the Separation Time (defined below). If a Flip-in Event (defined below) occurs, each Right will entitle the holder to purchase that number of Common Shares having a total Market Price on the date of the Flip-in Event equal to twice the Exercise Price for an amount of cash equal to the Exercise Price.

#### *Example of Flip-in Event*

Market Price	=	\$1.00
Exercise Price	=	\$5.00
2 times Exercise Price	=	\$10.00

If a qualified Shareholder holds 100 shares, then on a Flip in Event, he or she could purchase \$1000 worth of new common shares for a total purchase price of \$500 or \$0.50 per share which is a 50% discount to the Market Price.

New Position of holder = 100 shares + 1,000 shares (for cost of \$500) = 1,100 shares

### *Trading of Rights*

The issuance of Rights will not change the manner in which Shareholders currently trade their Common Shares.

Shareholders do not have to return their certificates to have the benefit of the Rights.

Until the Separation Time, the Rights will be evidenced by the certificates for outstanding Common Shares and the Rights will be transferred with, and only with, the Common Shares. After the Separation Time, the Rights will become exercisable, will be evidenced by separate Rights certificates, and will be transferable separately from the Common Shares.

### *Separation Time*

The Rights will separate and trade apart from the Common Shares and become exercisable after the Separation Time. The “**Separation Time**” generally means the close of business on the tenth trading day after the earlier of:

- (i) the Stock Acquisition Date;
- (ii) the date a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid) is commenced, or the date after the Record Time that a Person (other than the Company or a Subsidiary) publicly announces the current intention to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid) so long as the Take-over Bid continues to satisfy the requirements of a Permitted Bid or Competing Permitted Bid); and
- (iii) the date on a which a Permitted Bid or Competing Permitted Bid ceases to be such;

“**Stock Acquisition Date**” means the first date of public announcement (which, for the purposes of this definition, includes without limitation the filing of a report under section 5.2(1) of National Instrument 62-104 - *Takeover Bids and Issuer Bids* (“**NI 62-104**”) or Section 102.1 of the Securities Act (Ontario)) by the Company or an Acquiring Person of facts indicating that a Person has become an Acquiring Person

A “**Take-over Bid**” is an offer to acquire voting shares, or securities convertible into voting shares, that, when combined with the offeror’s current shareholdings, would result in the offeror holding 20% or more of the Company’s outstanding voting shares.

### *Acquiring Person*

An “**Acquiring Person**” is generally a person who becomes the beneficial owner of 20% or more of the outstanding voting shares of the Company. Under the Rights Plan, there are various exceptions to the definition of Acquiring Person, including:

- (i) The Company or any subsidiary of the Company;
- (ii) a person who acquires 20% or more of the outstanding voting shares due to one or any combination of:
  - A. the Company or its Subsidiary acquiring or redeeming Voting Shares and/or Convertible Securities, which, by reducing the number of the then outstanding Voting Shares and/or Convertible Securities of a class or

series, increases the proportionate number of Voting Shares Beneficially Owned by the Person to 20% or more of the Voting Shares then outstanding (a “**Voting Share Reduction**”);

- B. a Permitted Bid Acquisition;
- C. an Exempt Acquisition;
- D. a Pro Rata Acquisition; or
- E. the Person acquiring Voting Shares on the purchase, exercise, conversion or exchange of Convertible Securities acquired by a Person under a Permitted Bid Acquisition, Exempt Acquisition or Pro Rata Acquisition (a “**Convertible Security Acquisition**”);

*provided, however,* that if a Person becomes the Beneficial Owner of 20% or more of the then outstanding Voting Shares because of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition, or a Convertible Security Acquisition, and thereafter becomes the Beneficial Owner of an additional 0.25% or more of the then outstanding Voting Shares (other than pursuant to a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition), then as of the date and time such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an Acquiring Person;

(iii) a Grandfathered Person, provided, however, that if after the Record Time such Person becomes the Beneficial Owner of an additional 0.25% or more of the then outstanding Voting Shares (other than pursuant to a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition), then as of the date and time that such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an Acquiring Person; and

(iv) an underwriter or member of a banking or selling group acting that becomes the Beneficial Owner of 20% or more of the then outstanding Voting Shares as a result of an acquisition from the Company in connection with a distribution of securities pursuant to a prospectus or by way of a private placement;

### *Beneficial Ownership*

The thresholds for triggering the Rights Plan are based on the percentage of shares that are Beneficially Owned by a person or its Affiliates or Associates. This is defined in terms of legal or equitable ownership of shares. In addition, a person is deemed to be the Beneficial Owner of shares if that person or its Affiliates or Associates, and any other person acting jointly or in concert with such person, has a right to acquire the shares within 60 days. There are various exceptions to this definition set out in the Rights Plan, including exceptions intended to carve-out investment advisors of fully-managed accounts, trust companies administering the estate of a deceased, pension funds and crown agents.

*Flip-in Event*

Under the Rights Plan, a Flip-in Event will occur when a person becomes an Acquiring Person. On the occurrence of a Flip-in Event:

- (i) each Right (other than Rights that are void) will entitle the holder to purchase, for the Exercise Price, that number of Common Shares having a Market Price equal to twice the Exercise Price; and
- (ii) any Rights beneficially owned by the Acquiring Person and its affiliates, associates, and transferees, or any person acting jointly or in concert with the Acquiring Person, will become void.

Accordingly, if the Company's directors do not approve a Flip-in Event, an Acquiring Person will suffer significant dilution. The directors may redeem all of the outstanding Rights at a redemption price of \$0.000001 per Right at any time before a Flip-in Event occurs or as long as Shareholders have approved the redemption.

*Permitted Bids*

Permitted Bids are exempt from the operation of the Rights Plan. In summary, a "**Permitted Bid**" is a take-over bid made by way of a take-over bid circular and that also complies with the following provisions:

- (i) the Take-over Bid is made to all holders of Voting Shares of record (other than the Offeror);
- (ii) the Take-over Bid shall contain, and the provisions for take-up and payment for securities deposited or tendered thereunder shall be subject to, irrevocable and unqualified conditions that:

A. no Voting Shares and/or Convertible Securities shall be taken up or paid for pursuant to the Take-over Bid:

- (1) prior to the Close of Business on the date that is not less than 105 days following the Offer Date of the Take-over Bid or such shorter minimum period that is a take-over bid that is not exempt from any of the requirements of Division 5 (Bid Mechanics) of NI 62-104 must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104; and

- (2) then only if, at the Close of Business on the date Voting Shares and/or Convertible Securities are first taken up or paid for under such Take-over Bid, outstanding Voting Shares and Convertible Securities held by Independent Shareholders that represent more than 50% of the aggregate of:

(a) then outstanding Voting Shares; and

(b) Voting Shares issuable upon the exercise of Convertible Securities;

have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

B. Voting Shares and/or Convertible Securities may be deposited or tendered pursuant to such Take-over Bid, unless the Take-over Bid is withdrawn, at any time prior to the Close of



Business on the date Voting Shares and/or Convertible Securities are first taken up or paid for under the Take-over Bid;

- C. any Voting Shares and/or Convertible Securities deposited or tendered pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- D. in the event that the requirement set forth in clause (1) above of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities for not less than 10 days from the date of such public announcement;

provided, however, that a Take-over Bid that qualified as a Permitted Bid shall cease to be a Permitted Bid at any time and as soon as such time as when such Take-over Bid ceases to meet any or all of the provisions of this definition;

If an offeror successfully completes a Permitted Bid, the Rights Plan provides that the Company will redeem the Rights at \$0.000001 per Right.

A Permitted Bid, even if not approved by the Board, may be taken directly to the Shareholders. Shareholders will not be required to approve a Permitted Bid at a meeting. Instead, the Shareholder will initially have 105 days to deposit their shares. If more than 50% of the Company's outstanding Common Shares (other than Common Shares beneficially owned by the offeror on the date of the take-over bid) have been deposited and are not withdrawn, the Permitted Bid must be extended for another 10 days to allow initially disapproving shareholders to deposit their shares if they so choose.

### ***Waiver***

The directors may waive the application of the Rights Plan to any Flip-in Event if they determine that a person became an Acquiring Person by inadvertence, as long as this person has reduced its beneficial ownership of shares so that it is no longer an Acquiring Person. The directors may also waive the application of the Rights Plan to any particular Flip-in Event before it has occurred; however, if that happens, the directors will be deemed to have waived the application of the Rights Plan to any other Flip-in Event that occurs after the initial waiver but before the expiry of the take-over bid that the initial waiver relates to. The directors may also waive the application of the Rights Plan to a Flip-in Event with the prior approval of the Shareholders.

### ***Amendments***

The directors may supplement or amend the Rights Plan to correct clerical or typographical errors or to maintain its validity as a result of a change in law. At any time before the Separation Time, the Company may amend, vary, or rescind any of the provisions of the Rights Plan and the Rights with the prior consent of the holders of the voting shares. At any time on or after the Separation Date, the Company may supplement or amend any of the provisions of the Rights Plan and the Rights with the prior consent of the holders of the Rights. No supplement or amendment may be made to the provisions of the Rights Plan except with the written concurrence of the Rights Agent to the supplement or amendment.

### ***Shareholder Approval***

For the Rights Plan to be confirmed, Shareholders who vote must pass the resolution by a majority of votes cast in its favour by Independent Shareholders. Independent Shareholders are Shareholders other than

Acquiring Persons, Offerors, their Associates or Affiliates, a person acting jointly or in concert with an Acquiring Person or Offeror, and an employee benefit plan or similar plan for the benefit of employees.

***Directors' Recommendations***

The Board believes that the Rights Plan is in the best interests of the Company and its Shareholders and recommends that Shareholders vote in favour of the Rights Plan.

***Text of Resolution***

The text of the ordinary resolution to approve the Rights Plan is as follows:

“BE IT RESOLVED THAT:

1. The Rights Plan conditionally approved by the Company’s Board of Directors on August 10, 2020, on the terms set out in the Shareholder Rights Plan Agreement, in the form conditionally approved by the Company’s Board of Directors, between the Company and Computershare Trust Company of Canada, as Rights Agent, and all Rights issued or to be issued under the Rights Plan are approved, ratified, and confirmed, subject to regulatory approval; and
2. Any director or officer of the Company is authorized and directed, on behalf of the Company, to do all acts and to sign, whether under the corporate seal of the Company or otherwise, and deliver all documents that the Company considers necessary or desirable to give effect to this resolution.”

If the Company’s Shareholders do not pass the resolution at the Meeting, the Rights Plan will terminate or not come into force, as applicable.

***Recommendation of the Directors***

The Board of the Company has reviewed and approved the proposed Rights Plan. The Company’s Board of Directors unanimously recommends that Shareholders vote **IN FAVOUR OF** the resolution to approve the Rights Plan.

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the shares represented thereby on such matter in accordance with their best judgement.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Effective June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) was adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. The corporate governance practices adopted by the Company are set out in the attached Schedule “A”.

## **AUDIT COMMITTEE INFORMATION**

Information regarding the Company's Audit Committee, together with a copy of the Audit Committee's charter, is contained in the Company's Annual Information Form ("AIF") dated March 31, 2020, with respect to the financial year ended December 31, 2019. A copy of the AIF is available for review by the public under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company's website at [www.candentecopper.com](http://www.candentecopper.com). The AIF may also be obtained free of charge by sending a written request to the attention of the Company's Secretary at Suite 1100, 1111 Melville Street, Vancouver, BC V6E 3V6.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on the Company's Profile on SEDAR located at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6, Telephone: 604-689-1957, Fax: 604-484-7143 or email: [info@candentecopper.com](mailto:info@candentecopper.com) to request copies of the Company's financial statements and management's discussion and analysis ("MD&A"). Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which financial statements and MD&A are filed on SEDAR.

## **APPROVAL OF DIRECTORS**

The contents and sending of this Information Circular, including the Notice of Meeting, have been approved and authorized by the Board of the Company.

**Dated August 14, 2020**

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) "*Joanne Freeze*"  
President, Chief Executive Officer and Director



## SCHEDULE “A”

### **CORPORATE GOVERNANCE DISCLOSURE - CANDENTE COPPER CORP.**

NI 58-101 requires the Company to disclose information about its corporate governance practices on an annual basis. This disclosure must be made against the corporate governance guidelines contained in National Policy 58-201 *Corporate Governance Guidelines* (the “**Guidelines**”).

The Company’s board of directors (the “**Board**”) has adopted certain corporate governance policies to reflect the Company’s commitment to good corporate governance, and to comply with NI 58-101, Form 58-101F1 – *Corporate Governance Disclosure*. The Board periodically reviews these policies and proposes modifications to the Board for consideration as appropriate. The Company considers good corporate governance to be central to the effective and efficient management and operation of the Company, and the Board is directly responsible for developing the Company’s approach to corporate governance issues.

#### **Board of Directors**

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgement. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Company.

The Board is currently composed of six persons. Applying the definition set out in NI 52-110, as at the date of this Information Circular, a majority of the Board is independent as four of the six members of the Board are independent. The members who are independent are Andres J. Milla Comitre, John E. Black, George Elliott, and Giulio Bonifacio. Joanne C. Freeze and Sean I. Waller are not independent by virtue of the fact that they are, respectively, President, CEO and recent past President (until March 2018) and currently Technical Advisor to the Company.

In addition to their positions on the Board, the following directors also serve as directors of the following reporting issuers or reporting issuer equivalent(s):

<b>Other reporting issuers of which the Company’s directors are also directors</b>	
<b>Name of Director</b>	<b>Names of Reporting Issuers</b>
Joanne C. Freeze	Candente Gold Corp.
Sean I. Waller	East Africa Metals Inc.
John E. Black	Regulus Resources Inc., Chakana Copper Corp. and Aldebaran Resources Inc.
George Elliott	Urbana Corporation, Canadian Securities Exchange and Radar Capital Corp.
Andres Milla	N/A
Giulio Bonifacio	Copperbank Resources Inc. and Kerr Mines Inc.

The independent directors do not have regularly scheduled meetings in the absence of the non-independent directors. On occasions where it is considered advisable, the Company's independent directors will and do hold meetings at which non-independent directors and members of management are not in attendance. As all but two of the current directors are independent, the Board does not believe it is presently necessary to have any formal structure or procedures in place to ensure that the Board can function independently of management and is of the view that the current Board structure is sufficient to facilitate open and candid discussion among independent directors. The independent directors met one time in the absence of management during the period since the beginning of the Company's most recently completed financial year. It is the Company's policy to have in-camera sessions with only independent directors present as part of the agenda for all Board meetings.

The Board appointed Mr. Giulio Bonifacio, independent director, as the Non -Executive Chair of the Board on July 01, 2020. The primary role of the Chair is to chair all meetings of the Board and Shareholders meetings, to manage the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chair's responsibilities include, without limitation, ensuring that the Board works together as a cohesive team with open communication and works together with the Company's other committees to ensure that a process is in place by which the effectiveness of the Board, its committees and its individual directors can be evaluated on a regular basis. The Chair also acts as the primary spokesperson for the Board, ensuring that management is aware of concerns of the Board, Shareholders, other stakeholders and the public, and, in addition, ensuring that management strategies, plans and performance are appropriately represented.

The table below sets out the attendance of the directors at the eight (8) Board meetings held during the 2019 financial year.

Director	Board Meetings
Joanne C. Freeze	8 out of 8
Sean I. Waller	8 out of 8
Andres J. Milla	5 out of 8
John E. Black	6 out of 8
George Elliott	8 out of 8
Michael J. Thicke <sup>(2)</sup>	6 out of 8
Paul H. Barry <sup>(1)</sup>	5 out of 8

(1) Mr. Barry was not reappointed as Director in June 2019.

(2) Mr. Thicke deceased in October 2019.

### Board Mandate

The mandate of the Board is contained in the Company's Corporate Governance Policy and is as follows: "The mandate of the Board is to oversee the management of the business and affairs of the Company. The Board shall have responsibility for the stewardship of the Company and shall assume responsibility for the following matters:

- the adoption of a strategic planning process;
- the identification of the principal risks to the business of the Company and the implementation of systems to manage such risks;

- appointing, training and monitoring senior management and planning for succession of senior management;
- establishing a communications policy for the Company; and
- ensuring the integrity of the Company's internal control and management information systems.”

### **Position Description for Chair**

The Board has not adopted a formal written position description for the Chair of the Board. The current Chair of the Board is Giulio Bonifacio.

The Chair of the Board, works with the CEO to ensure that the Board functions effectively and meets its obligations and responsibilities. See “Board Committees” below for information with respect to the position descriptions for the Chair's of the Audit Committee and Compensation, Governance and Strategy Committee.

### **Position Description for CEO**

The Board does not have a written position description for the CEO, but considers the CEO to be primarily responsible for the day to day operations of the Company and for preparing the Company's strategic plans and budgets for approval by the Board. The CEO is ultimately responsible for the execution of the Company's strategic plan and for meeting the Company's budget. The general duties and responsibilities of the CEO are set out in the consulting agreement between the CEO and the Company, which were developed by the Company in consultation with the CEO at the time that agreement was initially entered into in May 1997 and modified most recently on March 1, 2018.

### **Orientation and Continuing Education**

The Company does not currently have a formal orientation or continuing education process in place. New directors are furnished with appropriate documentation relating to the Company's business activities and internal organization, and are encouraged to spend time with management and incumbent directors in order to familiarize themselves with the Company's business and operations, as well as the role of the Board, its committees and its directors. Both new and incumbent directors are also encouraged to communicate with management, auditors, technical consultants and legal counsel to keep themselves current with industry trends and developments and changes in legislation. Management regularly provides corporate updates at scheduled meetings of the Board and passes along updates regarding legal and regulatory changes received from its legal and other professional advisors when such information is relevant to the Board. Going forward, the Company is arranging for an annual educational session to be provided to the Board by the Company's legal counsel. The Company may also pay the reasonable costs of attendance by directors at continuing education courses and seminars with respect to corporate governance, directors' duties and obligations and similar matters upon request. The Company's directors are experienced corporate directors and five of the six serve as directors of other public companies where they receive various degrees of additional formal and informal continuing education and are also kept apprised of issues relevant to publicly traded mineral exploration companies. Most of the Company's directors are also members of professional associations through which they also receive relevant continuing education. If the growth of the Company's operations and/or increased turnover of the Board warrants it, the Board would consider implementing further formal orientation and/or continuing education process.

### **Ethical Business Conduct**

The Company adopted a Code of Ethics which was approved on March 5, 2009. The Company's Code of Ethics affirms the Company's commitment to uphold high moral and ethical principles and specifies the

basic norms of behaviour for those conducting business on its behalf. Most of the Company's directors are also members of professional associations which have disciplinary and practice review boards and processes. While the Company's business practices must be consistent with the business and social practices of the communities in which the Company operates, the Company believes that honesty and transparency is the essential standard of integrity in any locale of the Company's business. Thus, though local customs may vary, the Company's activities are to be based on honesty, integrity and respect. The Company's Code of Ethics is posted on the Company's profile on SEDAR and is posted on the Company's website [www.candentecopper.com](http://www.candentecopper.com).

The Company adopted a Whistleblower Policy on February 24, 2009, which allows its directors, officers and employees who feel that a violation of the Code of Ethics has occurred, and/or who have concerns regarding financial statement disclosure issues, accounting, internal accounting controls or auditing matters, to report such violation or concerns on a confidential and anonymous basis. Such reporting can be made by email or telephone through a Compliance Hot Line, to lawyers independent of the Company, fluent in English and Spanish, and is available in both Peru and Canada to all directors, officers and employees. All complaints are to be forwarded to the Chair of the Audit Committee for investigation and corrective and disciplinary action, if appropriate. The Whistleblower Policy and the procedures it establishes assist the Board in monitoring compliance with the Code of Ethics.

The Company's Whistleblower Policy in both English and Spanish languages is available on the Company's website [www.candentecopper.com](http://www.candentecopper.com).

The Company has not filed any material change reports since the beginning of its most recently completed financial year that pertains to any departures from the Code of Ethics by any director or executive officer of the Company.

In addition to the provisions of the Code of Ethics, the directors and officers of the Company are bound by the provisions of the Company's Articles and the *Business Corporations Act* (British Columbia), which contain detailed provisions as to how any conflicts of interests are to be dealt with. In particular, any director who has a material interest in a particular transaction is required to disclose such interest to the Company and to abstain from voting with respect to the approval of such transaction.

In addition, the Board has also adopted a Corporate Governance Policy on May 11, 2005, and a Corporate Disclosure Policy on March 25, 2009. The Corporate Governance Policy establishes the mandate of the Board and sets out various matters with respect to the corporate governance of the Company, including requirements with respect to the independence of Board members, matters relating to Board composition and Board Committees, employee and insider trading guidelines and accounting services approval. The Corporate Disclosure Policy is applicable to all employees and is intended to ensure that communications to the public about the Company are timely, factual and accurate and are broadly disseminated in accordance with applicable legal and regulatory requirements. Copies of the Corporate Governance Policy and Corporate Disclosure Policy are available on the Company's website at [www.candentecopper.com](http://www.candentecopper.com).

### **Majority Voting Policy**

On May 15, 2015, the Board adopted a "Majority Voting Policy" as required by the policies of the TSX. Pursuant to the Majority Voting Policy, each director of the Company must be elected by a majority (50%+1 vote) of the votes cast with respect to his or her election in an uncontested election of directors (an "Uncontested Election") (a contested election of directors is any election of directors where (i) the number of nominees exceeds the number of directors to be elected as set out in the management information circular and/or (ii) proxies are being solicited by or on behalf of any person or group other than management of the Company). The form of proxy for meetings of the shareholders of the Company at which directors are to be elected provide the option of voting in favour, or withholding from voting, for each individual nominee



to the Board. In any Uncontested Election of directors at a meeting of shareholders of the Company at which a quorum has been confirmed, any nominee for director, duly elected in accordance with the requirements of the *Business Corporations Act* (British Columbia), who receives a greater number of votes withheld from his or her election than votes for his or her election, of the shares represented in person or by proxy at the meeting and voted on the election of directors, will promptly tender his or her resignation to the Company. In the event that any director does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by the Board. Following receipt of a resignation submitted pursuant to the Majority Voting Policy, the Company's Compensation, Corporate Governance and Strategy Committee shall consider whether or not to accept the offer of resignation and shall recommend to the Board whether or not to accept it. With the exception of special circumstances that would warrant the continued service of the applicable director on the Board, the Compensation, Corporate Governance and Strategy Committee shall be expected to accept and recommend acceptance of the resignation by the Board. In considering whether or not to accept the resignation, the Board will consider factors that may be provided as guidance by the TSX and all factors deemed relevant by the Board including, without limitation, the stated reasons why shareholders withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director's contributions to the Company, and the Company's legal obligations under applicable laws. Promptly following the applicable meeting of the shareholders of the Company, the Board shall make its decision about whether or not to accept a director's offer of resignation pursuant to the Majority Voting Policy. In making its decision, the Board will consider such additional information and factors that the Board considers to be relevant. The Company must promptly issue a news release with the Board's decision, a copy of which must be provided to the TSX. If the Board determines not to accept a resignation, the news release must fully state the reasons for that decision. A director who tenders his or her resignation pursuant to the Majority Voting Policy shall not be permitted to participate in any meeting of the Board at which his or her resignation is to be considered. In the event that a sufficient number of the Board members did not receive a majority of the votes cast in the same election, such that the Board no longer has a quorum, then such directors who did not receive a majority of the votes cast shall not be permitted to vote in any Board meeting at which his or her resignation offer is considered, but he or she shall be counted for the purpose of determining whether the Board has a quorum. If a director's resignation is not accepted by the Board: (a) such director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal, as provided for in the Company's Articles, as they may be amended, restated and/or supplemented from time to time; or (b) the director shall otherwise serve for such shorter time and under such other conditions as determined by the Board, considering all of the relevant facts and circumstances. If a resignation is accepted in accordance with the Majority Voting Policy, the Board may in accordance with the provisions of the Company's Articles, as they may be amended, restated and/or supplemented from time to time, appoint a new director to fill any vacancy created by the resignation.

## **Board Committees**

The Board has two main committees: the Audit Committee and the Compensation, Corporate Governance and Strategy Committee. The committees and their memberships are described below.

### ***Audit Committee***

The mandate of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- oversee the process of selecting and appointing an auditor;
- oversee the conduct of the audit;
- identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

- ensure the independence of the Company's auditor in accordance with applicable standards and monitor the auditor's performance; and
- provide an avenue of communication between and amongst the Company's auditors, management and the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the Company's auditors and anyone in the Company that it deems necessary. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties. During the period since the beginning of the Company's most recently completed financial year the Audit Committee met once in the absence of management. It is the Company's policy for the Audit Committee to have in-camera sessions with the Company's auditors during the meetings in which that auditors are involved.

As at the date of this Information Circular, the Audit Committee is composed of Andres J. Milla Comitre (Chair), George Elliott and Giulio Bonifacio all of whom were "financially literate" and "independent" within the meaning of sections 1.4, 1.5 and 1.6 of NI 52-110 and applicable exchange rules and regulations as of this date.

The Company has set out the written position description for the Chair of the Audit Committee as follows:

- to lead the Audit Committee in the performance of its duties and carrying out its responsibilities within the terms of reference established by the Board;
- to report to the Board on the outcome of the deliberations of the Audit Committee and periodically report to the Board on the activities of the Audit Committee; and
- to meet regularly and as required with the Chief Financial Officer of the Company and other members of management to review material issues and to ensure that the Audit Committee and the Board are provided in a timely manner with all information necessary to permit the Board to fulfill its statutory and other obligations.

The Company's AIF, which has been filed on the Company's profile on SEDAR, contains additional disclosure regarding the Audit Committee. Please refer to the section of the AIF entitled "Audit Committee" for further information.

### ***Compensation, Corporate Governance and Strategy Committee***

The compensation and corporate governance mandate of the Compensation, Governance and Strategy Committee is to discharge the Board's responsibilities relating to compensation of the Company's executive officers. Among other things, the Compensation, Corporate Governance and Strategy Committee has overall responsibility for recommending levels of executive compensation that are competitive and motivating in order to attract, hold and inspire the chief executive officer, senior officers and other key employees and for recommending compensation for directors.

The Compensation, Corporate Governance and Strategy Committee performs any other duties or responsibilities delegated to the Compensation, Corporate Governance and Strategy Committee by the Board from time to time. For further information on the duties and responsibilities of the Compensation, Corporate Governance and Strategy Committee, see "Executive Compensation – Compensation, Corporate Governance and Strategy Committee" in this Information Circular.

As of the date of this Information Circular, the Compensation, Corporate Governance and Strategy Committee members are George Elliott (Chair), Andres J. Milla Comitre, and Giulio Bonifacio, all of whom are independent directors.

There is no written position description for the Chair of the Compensation, Corporate Governance and Strategy Committee . To date, given the size of the Company and its stage of development, the Company does not believe that a formal written position description of the Chair of the Compensation, Corporate Governance and Strategy Committee is required, and that good business practices and the common law provide guidance as to what is expected of the Chair of the Compensation, Corporate Governance and Strategy Committee .

The additional “strategy” mandate of the Compensation, Corporate Governance and Strategy Committee is to assist management with the review and negotiation of any Potential Transaction, consider the merits of various potential mergers and acquisitions transactions that could, if implemented, involve a business combination, take-over bid, arrangement, or acquisition of assets or shares of the Company.

In connection with any Potential Transaction, the Compensation, Corporate Governance and Strategy Committee is authorized and directed to take such acts and do such things as the members of the Compensation, Corporate Governance and Strategy Committee believe, in the exercise of their business judgment, are reasonably necessary or appropriate, including to:

- take all actions thought fit and prudent to address any Potential Transaction;
- review all aspects of any Potential Transaction;
- review the engagement of any financial, legal and other advisors by the Company in connection with any Potential Transaction;
- assist management with respect to all aspects of the preparation and/or negotiation of all material documents and agreements relating to any Potential Transaction;
- update the Board from time to time concerning the work of the Compensation, Corporate Governance and Strategy Committee and, at the request of the Board, to prepare and deliver such reports, recommendations and analyses with respect to any Potential Transaction as the Board may require;
- prepare and make recommendations to the Board with respect to any Potential Transaction, including, without limitation, recommendations as to whether such Potential Transaction is in the best interests of the Company and shareholders and whether such Potential Transaction should be pursued by the Company and, if necessary or appropriate, recommended to the shareholders;
- coordinate its efforts and discharge its mandate in conjunction with management as it deems advisable or necessary;
- retain, at the Company’s expense, such external financial, legal and other advisors as the members of the Compensation, Corporate Governance and Strategy Committee may consider necessary or advisable from time to time to perform their duties hereunder and determine the mandate and the remuneration of those advisors; and
- perform such other duties and responsibilities as may be assigned by the Board to the Compensation, Corporate Governance and Strategy Committee from time to time;
- provided that any final determination with respect to a Potential Transaction shall be subject to the approval of the Board.
- In order that the Compensation, Corporate Governance and Strategy Committee may be in a position to fulfill its mandate, the Compensation, Corporate Governance and Strategy Committee be and is hereby authorized and empowered, at the expense of the Company, to:
  - engage such legal, financial or technical consultants and assistance as it may in its sole discretion deem necessary or appropriate to permit it to fully carry out its functions and exercise its mandate hereunder;
  - meet with, interview and question all officers and employees of the Company as it may see fit regarding a Potential Transaction; and
  - have access to all documentation in the possession or control of the Company in respect of any Potential Transaction or which it in good faith believes may be relevant to addressing issues relating to such Potential Transaction.

### **Nomination of Directors**

The Board does not have a nominating committee composed of independent directors. The CEO submits to the Board candidates to fill vacancies on the Board and the full Board then considers the proposed candidates. As the Board is comprised of a majority of independent directors, the Board is of the view that this is sufficient to ensure objectivity in the nomination process.

### **Assessment**

While there is no formal process for assessing the Board or its committees on an ongoing basis, the directors are free to discuss specific situations from time to time among themselves and/or with the CEO and President and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation. Given the current structure and size of the Board, the Board believes that it is not necessary to adopt a more formal assessment process at this time and that the present system is sufficient.

### **Term Limits and Diversity**

In the fall of 2014 the Canadian Securities Administrators (“CSA”) introduced “comply or explain” policies requiring companies to either adopt or explain why they have not adopted (a) policies with respect to term limits for directors; and (b) policies and targets designed to increase participation by women in board matters and in executive positions.

The Company has not adopted term limits for the directors or other mechanisms of board renewal. However, since 2010, the Company has had six directors cease and added seven new directors and the Company believes that it acts within the spirit and intention of the CSA policies in this regard.

The Company has not developed written policies and targets designed to increase participation by women in board matters and in executive positions. Management and the Board have historically recognized the valuable contributions made to board deliberations and management by people of different gender, experience and background. The Board is mindful of the benefit of diversity in Candente Copper’s leadership positions and the need to maximize the effectiveness of the Board and management in decision making abilities. Accordingly, in searches for new directors or officers, the Board considers the level of female representation and diversity within its leadership ranks and this is just one of several factors used in its search process.

The Company currently has one female member on its board of six (16.7%), and one female officer, the President, CEO and Corporate Secretary, among Candente Copper’s senior management team of two (50%).

**It is the Company’s intention to formalize internal policies following the CSA guidelines.**